

## **NSPS Review Board Panel**

### **Opening Statement**

Good afternoon. My name is Darryl Perkinson and I am here today in my capacity as National President of the Federal Managers Association, as well as a current employee under NSPS at the Norfolk Naval Shipyard in Virginia. Thank you for this opportunity to present our views before the Task Group.

Nearly 60 percent of FMA's membership is comprised of employees at the Department of Defense, and almost all of those members are covered under NSPS. We have been closely monitoring implementation of the system, gaining significant feedback from our members in the process. If one thing is for sure, it is that no one view of the system exists. We have members who would love nothing more than to go back to the GS systems, and others who would like to see improvements made to NSPS. I am very appreciative of the opportunity to share those various views with you today.

Under NSPS, an employee's pay raise, promotion, demotion or dismissal is far more uninhibited than is currently established in the General Schedule. We support the premise of holding federal employees accountable for performing their jobs effectively and efficiently and rewarding them accordingly. We also support any changes that guarantee increased flexibilities, accountability and performance results. However, we are increasingly realizing that NSPS is not delivering on its promises.

Overall, FMA managers and supervisors believe a switch to pay-for-performance is necessary not only to compete with the private sector for talent, but also to encourage and reward high performance. The time for rewarding employees simply for longevity has passed. Many of the hard-working federal managers under NSPS want to be rewarded for the job they do. However, the system has its flaws.

The implementation of NSPS has caused a fundamental shift in the culture at DOD; a shift for which many of our members were not adequately prepared. This has marked the biggest change to a federal agency personnel system in over a generation. It is our experience that DOD leadership has been out of touch with what is carried out on the ground.

The so-called bell curve distribution of raises is of grave concern. Managers and supervisors have reported extreme pressure from higher-ups to maintain a specified distribution of funds or performance ratings within each pay pool, despite claims from DOD leaders that this should not be occurring. For any personnel system to be fair and effective, evaluative ratings and performance awards must be based on merit, not quotas and arbitrary caps.

As they are aware of the amount of money in the pool, the Panels have a direct stake in the final ratings of the employees. For example, let's say nearly everyone in the pool received a 4. The Panel is acutely aware that those in the pool will receive a lower share value since there are so many 4s. As such, we have heard reports of great pressure from the Panels to lower ratings, especially in the cases of poorly written self-assessments, again, despite claims from DOD leadership that this should not or does not occur. The Panels are too focused on the impact they have on the share value.

We are also finding there is a lack of consistent or concrete business rules that allow for a transparent and fair deployment of pay-for-performance. The Pay Pool Panels and Sub-Pay Pool Panels are out of touch with the objectives and job functions of the employees whom they are rating. I personally experienced this as well. During the last cycle, I rated seven employees, one of whom the Panel took issue with my rating. Despite my best efforts to explain the value that this employee brings to the job, the Panel ultimately lowered my rating. As such, we believe the rating official's ranking should be revealed to the employee and any adjustments made post-rating should be explained and justified by the Panel making the adjustment.

Vast differences in how the pay pools are awarded are also troublesome. Due to the nature of the pay pools, an employee rated a 4 in one pay pool could receive a very different raise than a 4 in a different pool at the same facility. There are also widespread inconsistencies among the agencies in DOD. This creates animosity towards fellow employees and agency leadership. It is our belief that raises correlating to ratings should be the same throughout the Departments, if not DOD-wide.

Many employees continue to feel uncomfortable in the assessment of their own work as required under NSPS. Inadequate training in this area has contributed to employees' lack of confidence in the delivery of their own rating, as they are not sure how to properly convey the value of the work they perform each day. For many employees, this is their first experience providing such information, and a self-evaluation that fails to reveal their full worth to the agency may have a significant negative effect on their paychecks. It has been our experience that the Pay Pool Panels heavily rely on one's written assessment, despite the fact that these assessments are not required. We have heard from several members that evaluations are nothing more than a "writing contest." More attention must be paid to properly train employees how to write self assessments in order to ensure employees get the rating their efforts merit.

Another hindrance to effectively managing within DOD is the prevalence of multiple pay systems - NSPS, GS, and Wage Grade. It is simply unacceptable that a single agency utilizes several pay systems that are often at odds with each other within individual departments. At my job, I manage employees under all three systems. This is becoming increasingly difficult when raises among equally performing employees differ. It is the view and recommendation of FMA that DOD establish cohesion within departments in order to foster a greater sense of equality among the workforce. Employees should not be at a disadvantage simply because they are enrolled in a different pay system than their counterparts whom they work alongside.

As Congress calls for a transition back to the General Schedule within one year if DOD officials cannot prove NSPS improvements, we must keep several things in mind. First and foremost, we must ensure employees' pay is protected. Those employees who excelled under NSPS and were appropriately rewarded by increases in salary beyond the GS scale for their prior grades should not be penalized by losing pay or by not being eligible for future pay increases. Given that the average pay raise under NSPS has far exceeded the GS raises, many employees are now a GS level above where they were when they entered NSPS. We must ask ourselves what the options are for these employees. One suggestion is to move them into the GS level where their current pay would place them. By applying this suggestion, the result could be of higher numbers of General Schedule levels than previously established within an organization.

A second suggestion I've heard would place the NSPS employees at the same GS level they were at when they converted and freeze pay until the GS schedule "catches up" with them. In such a situation, these employees would be above average performance-wise and should not have their pay negatively impacted because they were forced to endure a system they did not ask to be a part of. This scenario would undoubtedly have a huge negative impact on employee morale.

Any pay system, whether it be NSPS, GS or something entirely different, must adhere to certain basic principles. Additionally, a shift in the culture of any organization cannot come without an interactive training process that brings together the managers responsible for implementing the personnel system and the employees they supervise. If implemented properly, NSPS had great potential to retain and recruit a highly talented workforce. Change for change's sake is only going to compound the ongoing personnel challenges at DOD. It is imperative that any system stand by the principles of transportability, objectivity and transparency. Thank you for the opportunity to appear before you today and I'd be happy to answer any questions you might have.